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SENATE BILL 893 By  
Atchley

HOUSE BILL 1126  
By Head

AN ACT to amend Tennessee Code Annotated, Title 12, relative to  
public contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 12-3-203, is amended by deleting  
subsections (h), (i) and (j) and by substituting instead the following:

(h) After term contracts have been awarded, the commissioner shall certify to  
the several departments, institutions and agencies of the state government the sources  
of supply and the contract price of the various supplies, materials and equipment  
covered by the contracts. It is unlawful for any state department, institution or agency to  
purchase any supplies, material or equipment covered thereby from any sources other  
than those certified by the commissioner, except as otherwise provided in this chapter or  
in rules promulgated pursuant to this chapter.

(i) Whenever the commissioner proposes to reject all bids for a certain purchase,  
such action shall be taken only for the following reasons:

- (1) Unreasonably high prices;
- (2) Error in invitation to bid;

- (3) Cessation of need;
- (4) Unavailability of funds; or
- (5) Any other reason approved by the board of standards.

(j) Bid and performance bonds or other security may be required for any contract. Any such requirement must be set forth in the invitation to bid. In accordance with the provisions of Title 4, Chapter 5, the department shall promulgate rules establishing the requirements for the use and appropriate amount of such bonds or other security. At least annually, the department shall review such rules for adequacy.

SECTION 2. The provisions of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect July 1, 2001, the public welfare requiring it.